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Expert Group Workshop on Prospects of Export Trade in Commodities for Africa and Improvements in Export Policies

Geneva (Switzerland), 21-26 September 1987

REPORT OF THE WORKSHOP ON PROSPECTS OF EXPORT TRADE IN COMMODITIES OTHER THAN THOSE REGARDING THE COMMON FUND

I. INTRODUCTION

1. The Expert Group Workshop on prospects of export trade in commodities for Africa and improvements in export policies was held in Geneva, Switzerland from 21 to 25 September 1987 under the joint auspices of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Economic Commission for Africa (ECA). It was opened by the Mr. Dadzie Secretary General of the United Nations Conference on Trade and Development (UNCTAD).

2. The workshop was made possible as a result of funding provided by the United Nations Development Programme (UNDP) through its technical assistance fund programme.

3. This workshop was organized pursuant to earlier decisions of the Conference of African Ministers of Trade which directed the joint secretariats to review and make proposals for improving Africa's performance in the area of commodities. Consequently, the main objective of the workshop was to discuss Africa's needs in the area of commodities. Similarly, to assist the joint secretariats of ECA and UNCTAD to formulate workable technical assistance programme with a view to improving the performance of the commodity sector of African countries through more effective commodity policies and export trade.

II. ATTENDANCE

4. The workshop was attended by a selected number of experts in their individual capacity from Nigeria, Turkey, Tanzania, France, Zambia, Belgium, England, Switzerland, Mali, Italy, Cote d'Ivoire, Federal Republic of Germany, Cameroon, Zaire, Senegal and Canada including observers from organizations like the Food and Agriculture Organization (FAO), the European Economic Community (EEC), the African Caribbean and Pacific (ACP) secretariat (See annex 1).

III. ELECTION OF THE BUREAU

5. The workshop was chaired by Mr. Alexander B. Chikwanda, former Zambian Minister of Agriculture and Water Development and also of Finance and Economic Planning

IV. ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

6. The workshop adopted the following agenda:

Monday 21 September	10.00-13.00	(a) Opening, organizational matters
		(b) Overview of commodity situations and prospects
		(c) Introduction of special issues in the metals and minerals sector
	15.00-18.00	(a) Statement by the Secretary-General of UNCTAD
		(b) Discussion of the problems and needs of the metals and minerals sector countries dependent in this sector
Tuesday, 22 September	10.00-13.00	(a) Listing of constraints and problems encountered in exporting commodities and an attempt at a classification
		(b) Listing of constraints and problems encountered in policy making for the commodity sector and an attempt at a classification
	15.00-18.00	An overview of actual African commodity policies in the light of development needs
Wednesday, 23 September	10.00-13.00	Technical assistance needs in the area of commodity policies
Thursday, 24 September	10.00-13.00	Linkages between interregional/ regional/national levels in technical assistance
	Afternoon	Preparation of a summary of the deliberations
Friday, 25 September	10.00-13.00	Final discussions

V. ACCOUNT OF PROCEEDINGS

7. The Secretary General of UNCTAD in his opening statement reiterated that Africa's commodity crisis was perhaps the single most critical issue facing the continent in the efforts towards achieving reasonable degree of economic recovery, growth and development. The message went on to point out the dilemma of declining growth of commodity exports which had been compounded by deteriorating terms of trade to the point where it was no longer possible to consider Africa's trade sector as the "Engine of Growth".

8. Discussing the background documents (see annex 2), the workshop stressed the importance of commodity trade for Africa's economic recovery efforts, in particular, as most African countries depend on only two or three commodities to generate up to 90% of their foreign exchange earnings.

9. As a result of the slump in commodity prices a majority of African countries were finding it increasingly difficult to pursue self-sustaining economic growth let alone development. From the point of view of the workshop it had become evident that some of the adverse factors responsible arose from the structural deficiencies in terms of supply, demand and distributional channels. Activities of transnational corporations were mentioned in particular as a factor that cut across all sectors and adversely effected all the elements related to commodity trade.

10. The importance of commodity sector in the economic growth of African countries was not only restricted to export earnings. The sector has several important social and human aspects. It generates employment for large proportion of the population mostly women and youth, who make up a substantial work force in Africa.

11. The workshop urged African countries, who are more affected than the rest of the developing nations, to find effective solutions to the commodity crisis. In particular that new directions in Africa's commodity policies to be envisioned with a view to adequately tackling the impending crisis. It stressed particularly that efforts had to be made at national, regional, inter-regional and international levels.

12. Against the above background, the workshop reiterated the fact that a well organized commodity sector in Africa was more likely to provide necessary resources for economic development. It could enhance the realization of possible economic alternatives and in generating resources needed to meet financial requirements including purchases of necessary development inputs in both short and long run. A number of suggestions for inclusion in the envisaged project were made taking into consideration that the Common Fund had yet to be implemented. Moreover, it was recognized that even when implemented, the Common Fund could not provide the ultimate answer to all Africa's problems in the commodity sector.

13. The workshop took note of several initiatives that had taken place at various levels and especially those by regional and international bodies like the World Bank, FAO, UNCTAD, UNIDO and ECA to mention but a few. It nevertheless reiterated that problems in commodity sector continued to persist necessitating not only a review but also additional support through technical assistance to African countries which continue to be dependent on commodity trade.

VI. DECISIONS ADOPTED BY THE WORKSHOP

14. Having reviewed a number of problems in the commodity sector which inter-alia included issues of supply, demand and export marketing, the workshop addressed itself to the technical assistance that could be solicited from UNDP for the purpose of tackling these problems within the current technical assistance project. The following areas were considered to constitute fertile ground for further follow-up programme by both secretariats of ECA and UNCTAD.

(a) Research, information and analysis

15. The participants stressed the need for an extensive analysis of the research undertaken on commodity issues of relevance to Africa. Various areas where further work was needed were also identified with a view to providing an important body of base information that would substantively contribute to the development of policies as well as to the carrying out of export operations. It was thus agreed, that:

- Research was needed on a commodity by commodity basis, concerning marketing prospects (including new end uses and new markets)
- Possible areas of diversification, included new commodities and non-commodity areas should be identified"
- Studies were needed of ways in which to increase export earnings or improve import capacity without necessarily augmenting production of traditional commodities.
- The optimal degree of local processing for raw materials should be established on a case by case basis.
- The impact of new technologies on supply and demand as well as potential responses should be assessed.
- Specific guides for target markets should be developed in addition to more general market research.
- Export marketing systems and methods such as commodity exchanges, auctions, long-term contracts, direct marketing, etc. should be evaluated and compared with their costs and benefits.

(b) Human resources development

16. The Workshop participants stressed as an improtant goal of human resources development the necessity to reduce the need for further technical assistance in the long run. Furthermore, in all cases where relevant, the participation of private and public enterprises in training activities was emphasized.

- There was a need for training in the generation as well as the use of information and data.

- Training should aim to enable African operators to use commodity markets more effectively. This should include the use of future markets, auctions, tenders, etc.

- Bargaining and negotiating skills and capacity should be improved. Transnational corporations, banks, international financial institutions and industrialized country governments were cited among the counterparts in these negotiations.

(c) Institutional and organizations aspects

17. Participants at the workshop underlined the need to improve the institutional and organizational aspects of the African commodity economy. It stressed that this did not necessarily mean the establishment of any new institutions or organizations.

- Assistance should facilitate the co-ordination of various aspects of national commodity policies generally devised and implemented under the competence of different departments.

- The improvement of existing organizations such as marketing boards should be assisted.

- Exporters should be given the organizational support needed for diversifying into new markets and new products.

- Infrastructure, including transport and communications system should be improved and efficiently used.

- Direct contacts should be encouraged between sellers and buyers. Similarly, contacts which may lead to joint ventures between small and medium sized enterprises of different countries should be facilitated

- Co-operation among producers aiming at supply rationalization should be promoted where necessary. Such co-operation may also aid in increasing bargaining power and reducing some costs such as those of transportation.

- Acquisition and use of market intelligence as well as identification and evaluation of sources of finance and technology should be assisted.

- There might be scope to provide advisory services and technical assistance during negotiations between Africans and their business counterparts.

18. As a result of the conclusions of the workshop, the UNDP has favourably reacted and requested the UNCTAD and ECA to submit a project document for appropriate consideration.

Annex List of Participants

1. Ambassador Bariyu Adeyemi, Ministry of External Affairs, Lagos, Nigeria
2. Dr. Mehmet Arda, Economic Affairs Officer, Commodities Division, UNCTAD.
3. Dr. Celik Aruoba, Faculty of Political Sciences, Ankara University Ankara, Turkey
4. Dr. Mwesiga Baregu, University of Dar-es-Salam, Tanzania
5. Dr Havelock Brewster, Officer-in-Charge, Commodities Division, UNCTAD
6. Mr. Philippe Chalmin, Conservatoire National des Arts et Metiers, Centre de Recherches sur les Marches de Matieres Premieres, Paris
7. Mr. Alexander B. Chikwanda, Apollo Enterprises Ltd., Lusaka, Zambia
8. Dr. Jonathan H. Chileshe, International Trade Section, UNECA, Addis Ababa, Ethiopia
9. Mr. Peter Gakunu, Trade Co-operation Division, ACP Secretariat, Brussels, Belgium
10. Professor Reginald H. Green, Institute of Development Studies University of Sussex, Brighton, England
11. Dr. M. Hefny, Geneva, Switzerland
12. Mr. Adrian P. Hewitt, Overseas Development Institute, London, England
13. Mr. Aymar de Lastours, Pechiney, Paris, France
14. Dr. Almrezar Maiga, Office Malien du Betail et de la Viande (OMBEVI) Bamako, Mali
15. Mr. S.P. Malhotra, FAO, Rome, Italy
16. Mr. Michel Manceau, (Aprama) Paris, France
17. Dr. Bingu Wa Mutharika, International Trade and Finance Division UNECA, Addis Ababa, Ethiopia
18. Dr. Oladeji Ojo, African Development Bank, Abidjan, Cote d'Ivoire
19. Dr. Patrick Plane, Centre d'Etude et de Recherche sur le Developpement International (C.E.R.D.I.), Universite de Clermont-Ferrand, France
20. Dr. Guenter Schmidt, Agroprogress Kienbaum International, Bonn, Federal Republic of Germany
21. Mr. Roger Tchoungui, Ministry of Finance, Yhounde, Cameroon
22. Mr. Muya-Tumba, Department of External Trade, Kinshasa, Zaire
23. Mr. Mbui Wagacha, Dakar, Senegal
24. Ms. AnnWeston, North-South Institute, Ottawa, Canada
25. Mr. Richard Wyatt, EEC, Geneva, Switzerland

Background documentation

(1) Overseas Development Institute, London, discussion note, "Action Research for African Commodity Policies", UNCTAD/CD/MISC.107.

(2) Reginald H. Green, The Institute of Development Studies, Sussex. discussion note, "Commodity Earnings Promotion by and for SSA - Where Should We Be Looking?" UNCTAD/CD/MISC.108.

(3) The UNCTAD secretariat, Backgound paper, "Commodity trade and prospects", UNCTAD/CD/MISC.109

(4) UN Programme of Action for African Economic Recovery and Development

(5) UNCTAD "Commodity Survey, 1986", TD/B/C.1/284.

(6) UNCTAD, "Revitalizing Development, Growth and International Trade: Assessment and Policy Options", Chapter III, Commodities, TD/328/Add.3.

(7) ECA secretariat, "African commodity policies and options", E/ECA/TRADE/93.

(8) Ann Weston, North-South Institute, Ottawa, Canada. Discussion note, "Africa's Commodity Exports: Problems and Policies to be addressed by Technical Assistance", UNCTAD/CD/MISC.110.

(9) Magdy Hefny, Geneva. Discussion note "Giving the African Dimension to the Technical Assistance Project: A proposal", UNCTAD/CD/MISC.111.

(10) Mwesiga Baregu, University of Dar-es-Salaam. Discussion note "Long term social costs and other limits to primary commodity production in Africa", UNCTAD/CD/MISC.112.